

# Tech services

## Deal insights series

Q3 2025



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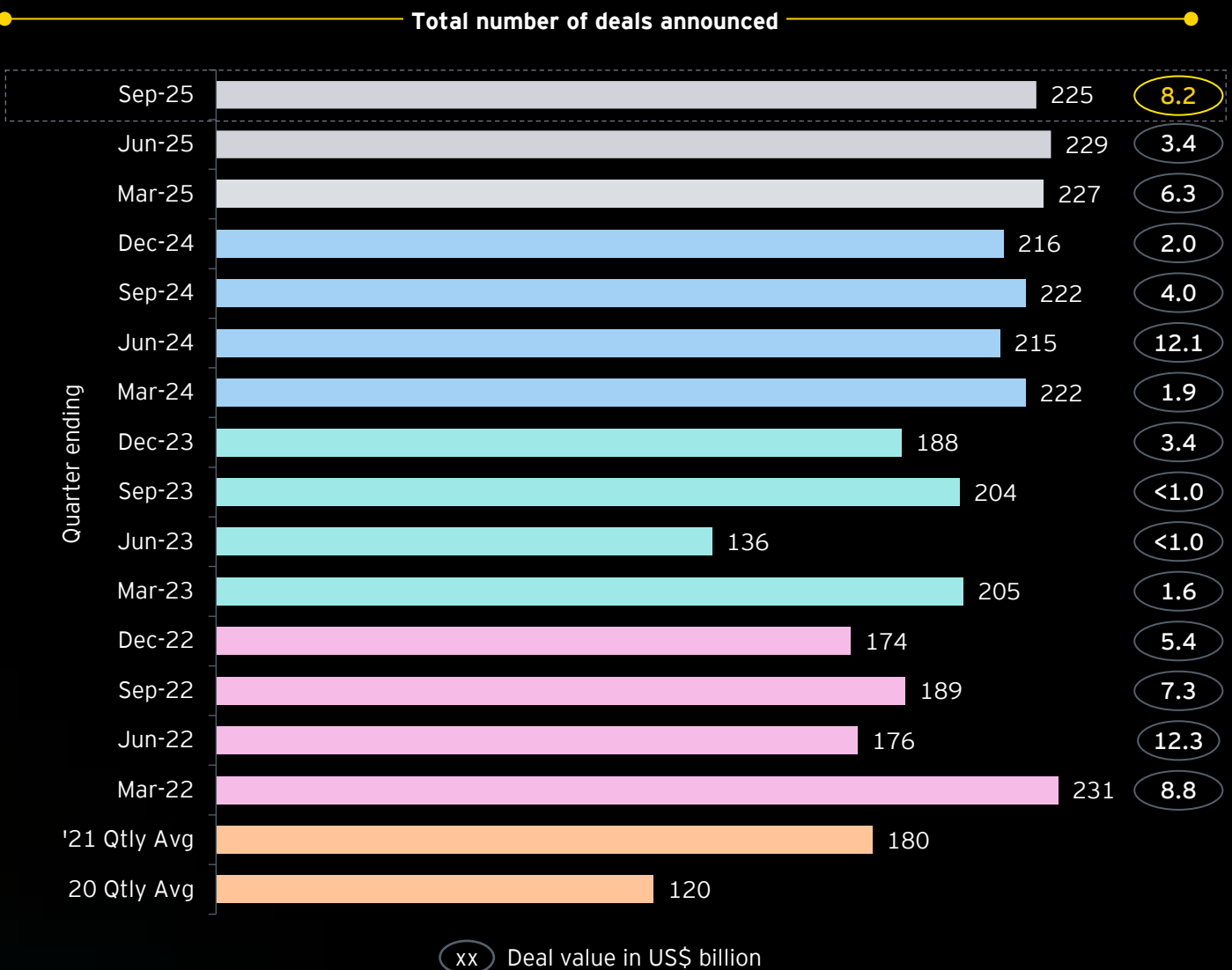


# 01

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Overview of the  
**deal activity**

# From uncertainty to opportunity: AI narratives shaping the IT services deal activity

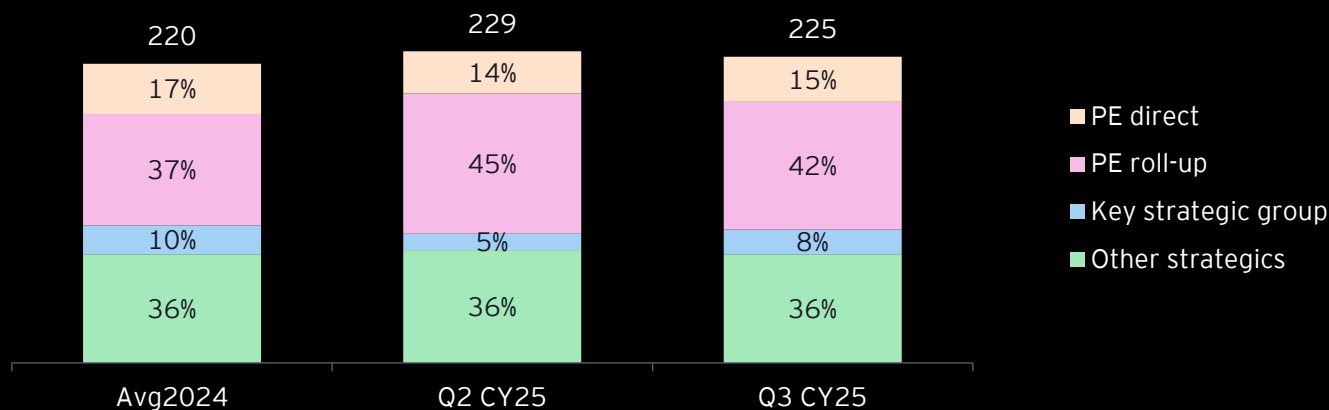


- The global IT sector navigated prolonged macroeconomic pressures in H1 and entered H2 amid escalating US tariffs and a US\$100,000 H-1B visa fee hike, creating cost shocks for vendors and accelerating localization, nearshoring and offshore delivery models.
- Despite these structural headwinds, IT services providers reported robust order book growth for the quarter, upwards of 20%, driven by large contracts and disciplined dealmaking from clients. Incumbents continued to strengthen their AI narratives, highlighting AI-led strategies and revenue streams as the industry embraces the AI and GenAI evolution amid questions on "AI promise vs. reality."
- A resurgence of large deals (over US\$250 million), with 10+ transactions led by both strategics and PEs, reflected strong demand in data, AI and cloud capabilities. Notable large deals included Accenture's acquisition of CyberCX (AI-powered cybersecurity services), Bain Capital's acquisition of HSO (end-to-end Microsoft suite services), Capgemini's US\$3.3 billion acquisition of WNS (agentic AI-driven digital BPS) and Carlyle's acquisition of Adastra (data, AI and cloud transformation).
- Against the backdrop of macro uncertainty and turbulence, asset attractiveness revolved around sustained growth across quarters, high revenue visibility and AI integration within offerings and IPs, resulting in creative earnout structures at the negotiation table.

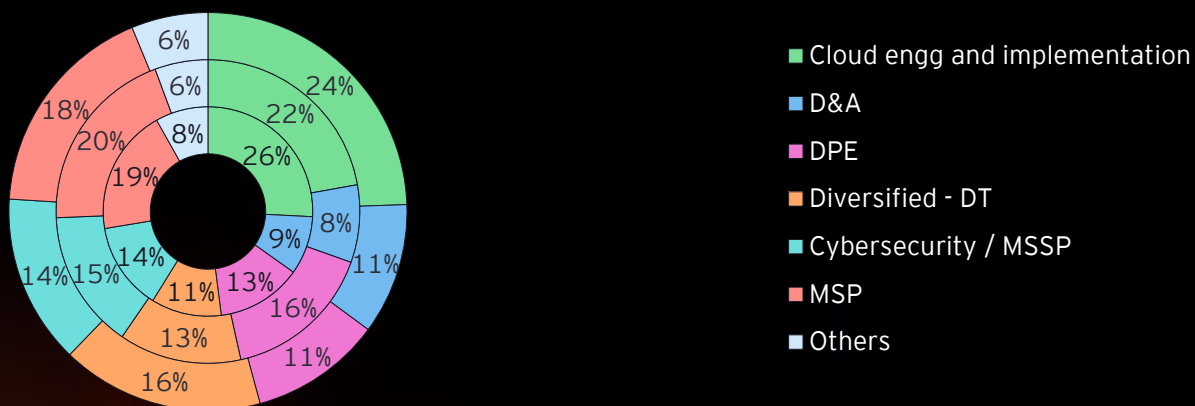
Source: Mergermarket, Pitchbook, EY research and analysis

# PEs lead deal volume while scale play takes center stage in strategics' M&A priorities

Deal volume by acquirer type



Deal volume by IT services sub-segment



Inner circle: CY 2024; Middle circle: Q2 CY 2025; Outer circle: Q3 CY 2025

- PEs (direct and roll-ups) continued to deploy substantial dry powder and led deal volume in the M&A market, focusing on specialist assets through both minority and majority investments. The quarter also saw multiple large PE exits, including Carlyle's exit from HSO and EQT's exit from Nexon (each after a six-year holding period) and American Securities' exit from Trace3 (after four years).
- Strategic buyers rebounded strongly in Q3, led by Accenture's six acquisitions. Large players such as Wipro, Infosys, Accenture and Capgemini moved beyond tuck-ins to pursue scaled assets, deploying more than US\$1b collectively (excluding Capgemini's US\$3.3b WNS deal).
- Cloud, data and AI drove about 35% of IT services deals year to date, with acquirers targeting firms deeply aligned to ecosystems such as Microsoft (41), SAP (17), AWS (15), Databricks (7) and Snowflake (6).
- GCC consulting and managed GCC services also emerged as a key focus area as strategics seek scale amid accelerated vendor consolidation.

# PEs' full-cycle value creation play across cloud, data and AI

PE roll-up	PE direct	PE exits
<p><b>Consolidation in cloud ecosystem</b></p> <p><b>Devoteam</b> KKR <b>Collogia</b> Managed services for SAP and Microsoft ecosystem</p> <p><b>Enerhym</b> Cloud for SAP and AI-driven consultancy (energy)</p> <p><b>Blue Mantis</b> Recognize <b>Coreio</b> ServiceNow consulting, infrastructure and operations</p> <p><b>Cloudnyx</b> Seroda Ventures <b>Evonence</b> Google cloud consultancy</p> <p><b>Data &amp; AI play in Healthcare</b></p> <p><b>Citius Tech</b> Bain Capital, BPEA <b>Health Data Movers</b> Best in KLAS with expertise in Epic, Workday, ServiceNow</p> <p><b>Naviant</b> DNS Capital <b>Amitech Solutions</b> Intelligent and agentic automation, AI, RPA and D&amp;A</p>	<p><b>Carlyle</b> <b>Adastra</b> Adastra is a Czech Republic and Canada-based data, cloud and AI transformation player, with deep expertise in BFSI, manufacturing, and TMT. Deal type: majority   Deal value: US\$400 million</p> <p><b>Kedaara</b> <b>Axtria</b> Axtria is a US-based, agentic AI-first data analytics and cloud software company serving the global life sciences industry. Deal type: minority   Deal value: US\$240 million</p> <p><b>GreyLion, Denali Growth</b> Minority <b>Slipstream IT</b> Salesforce and Veeva Partner (pharma and biopharma)</p> <p><b>Parquest Capital</b> Minority <b>Spectrum Groupe</b> Platinum Atlassian partner; expertise in process optimisation</p> <p><b>Progressio</b> Take-private <b>Spindox</b> Diversified digital transformation services</p>	<p><b>Bain</b> <b>HSO</b>   <b>Carlyle</b> Carlyle exited its investment in HSO, one of the largest independent Microsoft Dynamics partner serving 1,400+ customers globally, to Bain Capital. Deal value: ~US\$1 billion</p> <p><b>Apollo</b> <b>Trace3</b>   <b>American Securities</b> American Securities exited its investment in Trace3, a leading cloud MSP for several Fortune 500 clients with deep expertise in D&amp;A, cybersecurity and data center infrastructure, through a sale to Apollo.</p> <p><b>Adamantem</b> <b>Nexon</b>   <b>EQT</b> Australia-based digital and IT services provider</p> <p><b>Accenture</b> <b>SI&amp;C</b>   <b>Bain</b> Japan-based cloud, data, and AI consulting services provider</p> <p><b>Qualium</b> <b>Avisia</b>   <b>Societe Generale</b> France-based data management consulting expert</p>

Source: Mergermarket, Pitchbook, EY research and analysis

# Strategics: Resurgence of large deals, driven by efforts to expand scale and enhance competencies

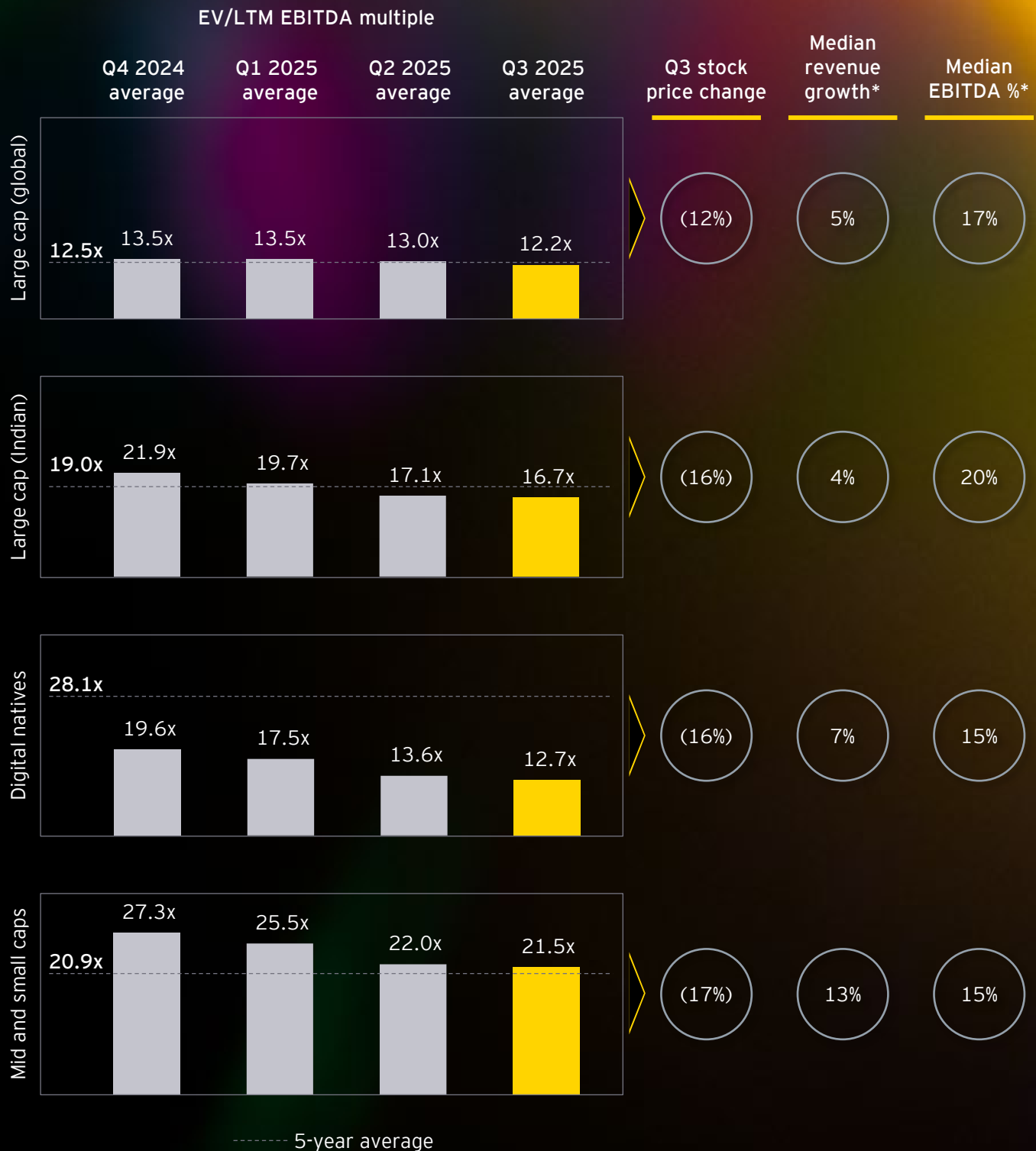
Large caps		Key strategics (others)	
Capability play		Capability play	
Accenture	» IAM Concepts Canada-based identity and access management services	Concentrix	» SAI Digital Vietnam based digital commerce and CX solutions provider
Hitachi Digital	» Synvert Germany-based data and AI services	PWC	» Kunai Agile software consultancy for the financial services
Accenture	» NeuraFlash Mid-market focused Salesforce and GenAI consulting	KPMG	» QnVision AI software development for SAP-based corporate systems
Scale play		Scale play	
Infosys	» Versent Australia-based cloud engineering experts	Hexaware	» SMCSquared GCC set-up and consulting services with expertise in retail
Capgemini	» Cloud4C Hybrid and sovereign cloud specialist MSP	R-Systems	» Novigo Solutions Middle East-focused LCNC and intelligent-automation services

Spotlight deals	
Capgemini » WNS	WNS, a leading digital BPS provider, was acquired by Capgemini to create a leader in agentic AI-powered intelligent operations. Deal value: ~US\$3.3 billion
Accenture » CyberCX	Australia-based cybersecurity services provider CyberCX was acquired by Accenture, marking its largest cybersecurity acquisition, strengthening security services footprint across APAC. Deal value: ~US\$650 million
Wipro » Harman	Wipro acquired the digital transformation solutions business unit of Harman, a Samsung company subsidiary, to enhance its delivery of next-generation ER&D services. Deal value: ~US\$375 million

Source: Mergermarket, Pitchbook, EY research and analysis; Note: Spotlight deals include key deals with value higher than US\$300M

# Ongoing macroeconomic uncertainties are exerting pressure on public market valuations

## Valuation trend over last four quarters



Source: S&P Capital IQ

Average YoY growth/EBITDA margin for LTM quarter ending Jun-25



02

EY Technology

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# EY Technology Investment Banking Advisory



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Thomas Tofte  
Denmark



Mark Sheikh  
Belgium



Michal Plotnicki  
Poland



Isabel de Dios  
Spain



Colin McNeil  
Australia



Anil Menon  
MENA

## Select Transactions

### Altimetrik (TPG)

Advised on its  
acquisition of

**SLK Software**

### Impetus

Advised on its  
majority stake sale to

**Kedaara Capital**

### Access Healthcare

Advised on its growth  
investment from

**New Mountain  
Capital**

### Intelligence Node

Advised on its  
sale to

**Interpublic  
Group**

### Happiest Minds

Advised on its  
acquisition of

**Pure Software**

### Mastek

Advised on its  
acquisition of

**BizAnalytics**

### Verti Systems

Advised on its  
sale to

**MOURI Tech**

### Aureus Tech

Advised on its  
majority sale to

**Happiest Minds**



## Methodology

The report is based on secondary data. The information is sourced from MergerMarket, PitchBook, CapIQ, press releases, company reports, news articles, industry reports, etc.

## Definitions

### Indian and Global large cap IT services

TCS, Infosys, Wipro, HCL, TechM, LTIMindtree, Accenture, Capgemini, Cognizant, CGI, NTT Data, IBM

### Mid and small cap IT services

Coforge, Mphasis, Persistent, Zensar, Mastek, Birlasoft, Sonata, Perficient, Sopra Steria, SeSa, Saksoft, LatentView, Datamatics

### Digital native IT Services

EPAM, Globant, Endava, Nagarro, Kainos, NetCompany, Happiest Minds, Grid Dynamics

### Other large buyers

EY, Deloitte, KPMG, PwC, McKinsey, BCG, Bain, WPP, Dentsu, Omnicom, Havas, Publicis, IPG, Hitachi, Salesforce, Fujitsu, Globallogic, CDW, Insight Enterprises, Alten, AFRY, Etteplan, KPIT, L&T Technology Services, Cyient, WNS, Genpact, EXL, TaskUs, Telus, Teleperformance, Concentrix, TTEC, Majorel, Hinduja Global Solutions



## Glossary

Abbreviations	Meaning
AI	Artificial Intelligence
APAC	Asia Pacific
Avg	Average
AWS	DPE
B/ Bn	DT
BFSI	EBITDA
BPM	ER&D
BPS	Business Process Services
CX	Customer Experience
CY	Calendar Year
D&A	Data and Analytics
DPE	Digital Product Engineering
DT	Digital Transformation
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
ER&D	Engineering Research and Development

Abbreviations	Meaning
EV	Enterprise Value
FS	Financial Services
IP	Intellectual Property
IT	Information Technology
LCNC	Low-Code/No-Code
LTM	Last Twelve Months
M&A	Mergers and Acquisition
M/ Mn	Million
MSP	Managed Services Provider
MSSP	Managed Security Services Provider
PE	Private Equity
RPA	Robotic Process Automation
Tech	Technology
TMT	Technology, Media, and Telecommunications
YTD	Year to Date



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